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EXCISE (1)

THE IRANIAN SITUATION

The following are informal comments on the attached paper prepared by Iranian exiles for Mr. Winsor:

-- This analysis, like those offered to us by loyalists during the final days of the Shah, overstates the threat from the Left and understates the strength of the clergy.

-- Some statements (3000 clerical marxists, 5000 KGB) are plainly without basis in fact. However, the paper's most serious flaw is its too great optimism about the role of external groups as "major forces."

-- The central fact of Iran's political life is the revolution; no group that rejects its premises--including its Islamic content and the role of Khomeini--is likely to prosper. (Those who were in exile and refused to return after the Shah will be presumed guilty of counter-revolution bias--unless they have some other clearly overriding credentials of purity.)

B1 (a)(5)

-- The paper does not discuss Bani-Sadr and the moderates: although they are surely weak, they have mustered crowds, do have a legitimate voice in Iran and cannot yet be counted out; certainly they are at least, if not more, significant than the external forces listed.

-- Although the clergy will lose power one day, it will not be a complete and sudden loss. The radical clergy is young, determined, numerous, and maintains its hold through religious appeal with a very heavy dose of populist/anti-imperialist dogma. They should not be counted out as a major, competing force for a long time.

B1 (a)(5)

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DECLASSIFIED

B-1 (a)(5)

Attachment:

The Iranian Situation: An Assessment

December 4, 1980

DECLASSIFIED

632-6549

SECRET

DECLASSIFIED

THE IRANIAN SITUATION: AN ASSESSMENT

November 12, 1980

1. General Background

Conflict between Iran and Iraq has now been underway for the past two months. US diplomatic hostages are, after more than one year, still in the hands of Iranian radical and government hands. A major internal power struggle is evolving between radical clergy and so-called moderates. Additional power blocs inside and outside the country could, and almost certainly will, enter this power struggle. Food, fuel oil, heating oil and medical supplies are now in seriously short supply, impacting on the domestic and conflict situation. All elements involved (people, shortages and situation) have reduced the flexibility of the current leadership to the point where very few viable options are available either for the continuation of the war or the pursuit of peace. Inflation rate of 100% and an unemployment rate of 5-million (of 36-mill. pop.) further exacerbates the situation. Failure to achieve success in economic, military or political arenas has led to widespread public unrest to the point where the demand for some form of strong leadership is growing significantly.

Prior to the war with Iraq, some 500,000 small arms pieces were in the hands of the general public; that figure now has reached appr. 2-million. Marxist groups (Fedayeen, Chirikya, etc.) and pro-Soviet Tudeh Party members, plus left Mujahedin are now heavily armed. These groups have varying -- but all strong -- overt and/or covert connections with the USSR.

There are appr. 3,000 identified Marxists among the Iranian clergy, and close to an estimated 5,000 active KGB agents/officers in the country. There has been no intelligence community to monitor Soviet covert agitprop, political action and intelligence operations in Iran.

Ayatollah Khomeini and the clergy are neither able to continue the war or make peace with Iraq. The longer they remain in power, the more the country is weakened and prepared for structural disintegration and chaos, the result

of which could be a leftist takeover or the seizure of power by a "Qadhafi" figure from the younger military.

The USSR, because of extensive overcommitment in Afghanistan and concern over the European situation (Poland), and because of internal political changes, is not expected to interfere militarily in a direct fashion, but it does not need to do so. If the present trend continues without additional catalysts, the Marxist or pro-Marxist groups will be able to achieve control of the country in the wake of the clergy without overt Soviet assistance.

2. Internal Dynamics

There is growing and widespread discontent with the clergy rule in Iran, with the final discontent brought about by the apparently insoluble conflict with Iraq. The evident lack of leadership from the clergy has led to a leadership vacuum which the left hopes to fill. However, the situation is such that at present the left is reluctant to seize power because the national deterioration and disintegration has not yet reached the level where it would be publicly acceptable. It is, however, moving in that direction. Additionally, the left is insufficiently cohesive to mount such a move. As well, an extreme right move -- whether religious or military -- is also not acceptable to the general population. The Center, such as the National Front, is similarly unacceptable because of its clear inability to control the situation in the recent past. The major external alternatives until recently were viewed as Dr Shahpour Bakhtiar (for two weeks the Shah's last prime minister) and former Imperial Ground Forces' commander Gen. Golam Ali Oveisi. They, too, are unacceptable in the current situation because of their close identification with Iraq in the months prior to the conflict.

3. Major Forces: Internal

The three major internal forces are: (i) Clergy; (ii) Leftists; (iii) Military.

The clergy has lost its ability to control events, either toward resolving the conflict or toward resolving economic problems, food and other supply shortages. This, and the fact that it is by its very nature a restricted group in terms of numbers and because its nominated leader (Khomeini) is in failing health, spells the end of clergy rule in the near future.

The left is fragmented and unless a total vacuum occurs

because of premature clerical collapse, or unless the clergy and left are galvanized by extreme-right military action (such as extensive pressure from a force led by Oveisi), it is unable to move in the very near future to seize power. The conflict with Iraq has unified the military to the extent where it could currently thwart a leftist take-over of the reins of power. The left's major hope is for more time to consolidate and to assume control over some areas of power, an for the gradual replacement of the old military by a new military force (such as the Revolutionary Guards) which was being implemented before the conflict with Iraq returned some of the armed forces' power.

The Military, whilst regaining some of its viability in order to meet the military threat from Iraq, remains restricted to a large degree in its ability to overthrow the clerical Government in the immediate term. This, however, is changing more rapidly than the power position of the other two major internal power groups. The military will once again fragment, however, if the older, traditional leadership still inside the country fails to make headway either in the Iraq conflict or in the assumption of power internally. The emergence of a young officer clique to seize power as it did in Libya is now more feasible than ever, and, indeed, fits with Libya's strong and overt current support to the Iranian military.

3(a) Major Forces: External

The major external Iranian forces impacting on the current situation are: (i) the monarchy; (ii) external Iranian technocrat/middle class expatriates; (iii) external military personnel; (iv) Dr Bakhtiar's organization; (v) Gen. Oveisi's organization; (vi) some National Front elements; (vii) Gen. Bahram Aryana's organization; (viii) Soviet-controlled-"student" groups.

Alliances, tacit or formal, between some of these groupings can and has occurred, and several may seek a unity of action in order the bring about the desired result of overthrowing the present situation inside Iran. However, the potentially most strong group is the external military, led by a core of officers who have, in the past two months, achieved a considerable degree of organization and commitment. They are largely in the United States and Western Europe. This group is now increasingly supportive of Gen. Bahram Aryana, the former commander of the Imperial Iranian Armed Forces.

Gen. Aryana, resident in Paris and now 73 years old but extremely active. Medical reports during the past week rate his health excellent. Was discharged by the Shah because of his growing power. Has historically been identified as

strongly Persian in outlook and was in no way identified with Iraq. Condemned Iraqi aggression over BBC and some other international radio, a factor not without significance because of the dependence of many Iranians on the BBC for news and opinion. Has developed a strong command structure and has stated a readiness to return immediately to Iran to "liberate" it. As former supreme commander of the Iranian forces and the most senior Iranian officer outside the country he has organized a Supreme Command of the Liberated Armed Forces. Receiving widespread support from officers outside the country and has contacts inside Iran. Aryana believes in moving the takeover in three stages: subversion of the current rule; military takeover and creation of stability; return of control to civilians.

The monarchy has improved its potential to impact on the situation by the statement by the (then) Crown Prince (now Shah) to the effect that he was ready to return to Iran and fight for the country. Whilst his popularity has improved, the consensus is that the monarchy, and the King himself, should maintain a low-key approach to the situation.

Former Prime Minister Shahpour Bakhtiar and Gen. Oveisi have been reduced in significance since the conflict with Iraq. Both had strong Iraqi connections and alliances. Dr Bakhtiar's major core of supporters within the armed forces was destroyed in an abortive and premature coup attempt prior to the Iraq conflict, reducing his apparent attractiveness even before his association with Iraq unercut his position. Gen. Oveisi, despite major expenditures to buy the allegiance of expatriate officers, has been unable to build a loyal external force and is regarded internally as being too closely aligned with both the former Shah and excesses of force. His top-level connections (with Pres. Sadat, for example) have kept him in the limelight, although there is little substance to support him.

Expatriate Iranian middle class refugees, many of them skilled in technical areas, largely believe that the only solution is a military one. They remain mostly uncommitted, but potentially a significant economic and psychological force. Some 2.5-million Iranians are abroad.

Expatriate Soviet-backed groups continue to function although their major task was completed with the overthrow of the Shah. They retain some viability as an agitprop (agitation propaganda) force, but their impact has been lessened by their reduced numbers and by the tide of events.

4. International Impact

The changing political situations in the United States and the Soviet bloc hold the key to major external pressures on Iran, with the exception of the immediate impact of the Iraqi invasion. Both superpowers recognize the geopolitical and resource importance of Iran, but their ability to achieve their goals with Iran is now changing. The United States, because of the election of Ronald Reagan to the Presidency, and the coming to power in the US of a more strategically aware and sensitive group of policymakers, will result in a reassertion of US power which will affect the psychological and physical situation in the region. Internal Iranian groups, confused and fragmented by Carter's policies, can now regroup around the expectation of revived US support for a moderate, pro-Western Iran.

The USSR, on the other hand, has peaked in its major efforts against its Iranian target because of a variety of factors: the commitment to the Afghan conflict and the resultant world outcry; the concern over the stability of its Warsaw Treaty allies highlighted by the Polish situation; the failing health of the Soviet leadership gerintocracy; and the internal Soviet economic problems. This could change with a change of Soviet leadership, but any such changes will not be completed within the next few months even should Pres. Brezhnev die immediately. However, the USSR's apparatus operating against Iran (mainly KGB and International Section) continues to have an impact, and the Soviet supply of arms and oil to the current Iranian leadership could impact strongly -- and even decisively -- on the outcome of the present crisis if no other forces project themselves onto the situation.

5. Outlook

Failure of external factors to act, or a failure of the traditional military to acquire power (with or without external help), will lead to continued disintegration of Iran. This in turn will result in the almost certain acquisition of power by either the pro-Soviet left or a Qadhafi type figure. Such an eventuality would severely de-stabilize regional states, Balkanizing the region in preparation for conflict of a level likely to lead to superpower confrontation.

The prospect for change in a moderate, pro-Western fashion appears to be coalescing around Gen. Bahrum Aryana, who seems to be acceptable as an "umbrella" for a broadly divergent group of nationalist moderate forces, ranging from the monarchy's supporters to those in favor of a moderate

democracy. Aryana believes, probably correctly, that unless he moves inside Iran in the very near future the emergence of a "Qaghafi-type figure" is more likely. He is reported preparing to move. Aryana is the only leadership figure currently visible who would not antagonize large sections of the Iranian population, and who would be acceptable not only to the United States and Western Europe, but also to a degree to the USSR with which he would resume normal relations.

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